



Committee On Finance

Max Baucus, Ranking Member

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Statement of Senator Max Baucus U.S. Senate Finance Subcommittee on Health “The CHIP Program from the States’ Perspective”

The State Children’s Health Insurance Program (CHIP) is a partnership between the federal government and the states. CHIP has reaped great successes providing health coverage for low-income children, and states have led the way in this effort. States have also faced significant challenges in implementing CHIP, mostly due to flaws in the federal funding structure. I welcome today’s testimony as we prepare for CHIP reauthorization next year.

We have many important issues before us. We must take a close look at states’ financing challenges in any reauthorization debate. Increasingly, states’ demand for CHIP funds is outstripping what the federal funds provide, threatening states’ ability to maintain current levels of coverage for needy children. Last year, nearly four out of five states spent more federal funds on their CHIP program than they had been awarded for that year. The Congressional Research Service (CRS) estimates that in fiscal year 2007, 17 states will run short of federal CHIP funds by \$927 million, putting coverage at risk for at least half a million children. Over the next 5 years, this funding gap will grow to an estimated \$12 billion, which the CMS Actuary estimates will jeopardize coverage for 1.5 million children. Over ten years, the funding gap is estimated at \$30 billion.

In my home state, CHIP has substantially improved access to health coverage for children. Montana recently expanded eligibility and this year will cover nearly 14,000 children. These gains are threatened, however, without new funds. Montana will have to cut its CHIP enrollment to 9,000 or less if new funds are not made available before 2010. CHIP has made tremendous inroads in our efforts to cover children over the past decade. We cannot afford to lose ground by underfunding our commitment to CHIP.

We must also learn from the states’ successes in creating and implementing CHIP programs. States have created new models for streamlining enrollment applications, reducing barriers to access, and for making it easier to get kids enrolled. States have developed groundbreaking strategies to publicize CHIP to those who need it. And states have implemented programs to monitor and report on quality measures, providing insight into whether kids are getting the preventive care they need. These and other state

innovations can inform our thinking as we consider ways to improve CHIP in reauthorization next year.

While our focus today is looking forward to the reauthorization debate next year, we cannot overlook the unfinished business on our current agenda: the federal funding shortfalls in the 17 states for this fiscal year. I still hope we can come together to find a way to address this issue before the year ends. The first shortfall state will begin running out of federal funds in January. Delaying federal action on providing funding to these states in need may force states to cut enrollment, threatening harm to thousands of children. I know many of my Colleagues on this Committee and in the Senate share my concerns about this. I know that the days in this session of Congress are growing short, but I hope that Senator Grassley and I can work together with other Members of the Committee to find a solution to address this problem soon.

CHIP is a success story, and I look forward to working with my Colleagues in the coming year to write its next chapter. We have important work ahead of us to strengthen and sustain our partnership with the states and keep CHIP's promise of quality, comprehensive health coverage for America's children.

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